

# CERTAIN DEPARTMENT FINANCIAL INFORMATION AND OPERATING DATA

## Contracts of Purchase

Set forth below is certain financial information regarding Contracts of Purchase.

### *Existing Contracts of Purchase*

The following charts describe the current loan-to-value ratio of Contract of Purchase, geographic distribution, high LTV distribution, and portfolio age data of Contracts of Purchase financed under the Program as of December 31, 2010 using proceeds of Veterans G.O. Bonds, Revenue Bonds and other amounts under the 1943 Fund.

### Current Loan-to-Value Ratio of Contracts of Purchase<sup>(1)(2)</sup>

|   | <u>Uninsured</u> | <u>Original<br/>Radian<br/>Insured<sup>(5)</sup></u> | <u>Additional<br/>Radian<br/>Insured<sup>(5)</sup></u> | <u>VA<br/>Guaranteed</u> | <u>Total</u> |
|---|------------------|--|--|--------------------------|--------------|
| <b>Single Family Homes</b>                  |                  |  |  |                          |              |
| Less than 30% LTV                           | \$ 41,164        | \$ 1,350   | \$ 229   | \$ 420                   | \$ 43,161    |
| 30-49% LTV .....                            | 90,061           | 5,367  | 1,016  | 923                      | 97,366       |
| 50-59% LTV .....                            | 91,221           | 12,515   | 1,632  | 2,061                    | 107,428      |
| 60-69% LTV .....                            | 135,952          | 33,417   | 7,879  | 4,895                    | 182,143      |
| 70-79% LTV .....                            | 97,672           | 21,291   | 72,250   | 24,150                   | 215,361      |
| Sub-total .....                             | \$ 456,069       | \$ 73,938  | \$ 83,004  | \$ 32,447                | \$ 645,456   |
| 80-84% LTV .....                            | \$ 10,298        | \$ 8,183   | \$ 138,816   | \$ 29,475                | \$ 186,770   |
| 85-89% LTV .....                            | 16,765           | 231  | 81,197   | 36,467                   | 134,659      |
| 90-94% LTV .....                            | 52,576           | -  | 49,495   | 92,995                   | 195,064      |
| 95-97% LTV .....                            | 2,466            | -  | -  | 119,734                  | 122,200      |
| Sub-total .....                             | \$ -             | \$ -   | \$ -   | \$ -                     | \$ -         |
| Greater than 97% LTV                        | \$ 2,031         | \$ 198   | \$ -   | \$ 76,875                | \$ 79,104    |
| <b>Other Property Types</b>                 |                  |  |  |                          |              |
| Farms.....                                  | \$ 2,718         | \$ 155   | \$ 1,126   | \$ -                     | \$ 3,998     |
| Mobile Homes in Parks .....                 | 21,659           | 230  | 22,704   | -                        | 44,592       |
| Homes under Construction                    | 16,995           | -  | -  | -                        | 16,995       |
| Home Improvement Loans                      | 893              | -  | -  | -                        | 893          |
| Sub-total .....                             | \$ 42,264        | \$ 384   | \$ 23,829  | \$ -                     | \$ 66,477    |
| <b>Special Status Contracts of Purchase</b> |                  |  |  |                          |              |
| Real Estate Owned <sup>(3)</sup> .....      | \$ 5,091         | \$ -   | \$ 8,855   | \$ 189                   | \$ 14,134    |
| Cancelled.....                              | \$ 4,353         | \$ 609   | \$ 7,958   | \$ 7,171                 | \$ 20,089    |
| Disability Program <sup>(4)</sup> .....     | \$ 1,031         | \$ 434   | \$ -   | \$ -                     | \$ 1,465     |
| Sub-total .....                             | \$ 10,474        | \$ 1,043   | \$ 16,813  | \$ 7,359                 | \$ 35,687    |
| Total Portfolio .....                       | \$ 592,940       | \$ 83,974  | \$ 393,152   | \$ 395,348               | \$ 1,465,413 |

(1) Amounts in thousands.

(2) LTV based on current Contracts of Purchase balance divided by original appraised value of the property, except when the Department updates the appraised value of the home when the veteran applies for a home improvement loan. In such cases, the LTV is calculated with the new appraised value.

(3) Repossessed properties and delinquent Contracts of Purchase carried as REO on financial statements.

(4) Contracts of Purchase where payments are made on behalf of veterans by the Department's life and disability coverage plan.

(5) The Radian Policies provides coverage for aggregate losses incurred on covered Contracts of Purchase following property disposition, above an aggregate 2% deductible based upon a percentage of the originally insured balances of the applicable Contracts of Purchase. See "Primary Mortgage Insurance Coverage" chart below.

**Geographic Distribution of Contracts of Purchase**  
**Approximate Current Contract Balance**  
**as of December 31, 2010<sup>(1)</sup>**

| <u>County</u>                           |                     |
|---|---------------------|
| San Diego                               | \$ 164,978          |
| Riverside                               | 154,428             |
| Sacramento                              | 111,620             |
| Los Angeles                             | 99,656              |
| San Bernardino                          | 91,662              |
| Fresno                                  | 87,972              |
| Kern                                    | 79,397              |
| Shasta                                  | 46,946              |
| Solano                                  | 46,195              |
| Orange                                  | 38,398              |
| Kings                                   | 35,744              |
| Placer                                  | 34,158              |
| San Joaquin                             | 33,097              |
| Butte                                   | 30,759              |
| Tulare                                  | 29,606              |
| Other Northern California Counties..... | 238,568             |
| Other Central California Counties ..... | 109,691             |
| Other Southern California Counties..... | 32,547              |
| Statewide—California .....              | <u>\$ 1,465,413</u> |

<sup>(1)</sup> Amounts in thousands.

**Portfolio Age Data<sup>(1)</sup>**

| Origination<br>Date | Number of<br>Contracts | % of Contracts in<br>Portfolio | Current<br>Principal<br>Balance <sup>(2)</sup> | Principal Balance<br>as a Percent<br>of Total Portfolio |
|---------------------|------------------------|--------------------------------|--|---|
| 1998 and<br>Prior   | 2,978                  | 28.59%                         | \$123  | 8.41%   |
| 1999                | 422                    | 4.05%                          | 43   | 2.91%   |
| 2000                | 572                    | 5.49%                          | 63   | 4.30%   |
| 2001                | 178                    | 1.71%                          | 18   | 1.26%   |
| 2002                | 377                    | 3.62%                          | 47   | 3.23%   |
| 2003                | 922                    | 8.85%                          | 161  | 10.97%  |
| 2004                | 1,121                  | 10.76%                         | 214  | 14.59%  |
| 2005                | 718                    | 6.89%                          | 126  | 8.62%   |
| 2006                | 865                    | 8.31%                          | 183  | 12.51%  |
| 2007                | 871                    | 8.36%                          | 195  | 13.32%  |
| 2008                | 904                    | 8.68%                          | 220  | 15.00%  |
| 2009                | 298                    | 2.86%                          | 48   | 3.31%   |
| 2010                | 189                    | 1.81%                          | 23   | 1.57%   |
| <b>Total</b>        | 10,415                 | 100.00%                        | 1,465  | 100.00%   |

<sup>(1)</sup> As of December 31, 2010.

<sup>(2)</sup> Amounts in millions.

**Contracts with 97% LTV <sup>(1)</sup> or Higher as of December 31, 2010**

| <b>County</b>                     | <b>USDVA<br/>Insured</b> | <b>Un-Insured</b> | <b>Total Contracts<br/>with 97% + LTV</b> | <b>Outstanding<br/>Balance of<br/>97%+ LTV<br/>Contracts<sup>(4)</sup></b> |
|-----------------------------------|--------------------------|-------------------|---|--|
| San Diego                         | 63                       | 0                 | 63  | \$ 22,335  |
| Riverside                         | 43                       | 1                 | 44  | 12,588   |
| Los Angeles                       | 33                       | 5                 | 38  | 11,178   |
| Sacramento                        | 33                       | 2                 | 35  | 9,086  |
| Fresno                            | 29                       | 1                 | 30  | 6,751  |
| Kern                              | 29                       | 1                 | 30  | 6,232  |
| Shasta                            | 17                       | 2                 | 19  | 3,397  |
| Orange                            | 17                       | 1                 | 18  | 6,959  |
| San Bernardino                    | 18                       | 0                 | 18  | 4,032  |
| Solano                            | 18                       | 0                 | 18  | 6,774  |
| Contra Costa                      | 15                       | 0                 | 15  | 5,308  |
| Placer                            | 15                       | 0                 | 15  | 5,172  |
| Butte                             | 13                       | 1                 | 14  | 2,605  |
| San Joaquin                       | 13                       | 1                 | 14  | 3,004  |
| Alameda                           | 11                       | 0                 | 11  | 4,402  |
| Humboldt                          | 8                        | 2                 | 10  | 2,159  |
| Kings                             | 10                       | 0                 | 10  | 2,383  |
| All Other Counties <sup>(3)</sup> | 125                      | 10                | 135                                       | 35,550   |
| <b>Total</b>                      | <b>510</b>               | <b>27</b>         | <b>537</b>                                | <b>\$ 149,915</b>  |

<sup>(1)</sup> LTV based on current Contracts of Purchase balance divided by original appraised value of the property, except when the Department updates the appraised value of the home when the veteran applies for a home improvement loan. In such cases, the LTV is calculated with the new appraised value. Includes "Single Family Homes," "Other Property Types" and "Special Status Contracts of Purchase" as defined above in the "Current Loan-to-Value Ratio of Contracts of Purchase" table excluding Home Improvement Loans.

<sup>(3)</sup> All counties not listed individually had less than 10 total contracts with a LTV of 97% or higher as defined above.

<sup>(4)</sup> Amounts in thousands.

## Contracts of Purchase Origination and Principal Repayment Experience

The following tables represent, respectively, a historical picture of Contract of Purchase originations since the 1990 fiscal year and selected principal repayments with respect to Contracts of Purchase since the 1990 fiscal year.

### *New Contracts of Purchase During the Fiscal Year*

| <b>Fiscal Year<br/>Ending<br/>June 30</b> | <b><u>Veterans G.O. Bonds</u></b>  |                      | <b><u>Pre-Ullman Moneys</u></b>    |                      | <b><u>Revenue Bonds</u></b>        |                      | <b><u>Total</u></b>                |                      |
|---|------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|
|   | <b><u>Number<sup>(1)</sup></u></b> | <b><u>Amount</u></b> | <b><u>Number<sup>(1)</sup></u></b> | <b><u>Amount</u></b> | <b><u>Number<sup>(1)</sup></u></b> | <b><u>Amount</u></b> | <b><u>Number<sup>(1)</sup></u></b> | <b><u>Amount</u></b> |
| 1990                                      | 2,097                              | \$187,445,600        | --                                 | --                   | 522                                | \$38,150,800         | 2,619                              | \$225,596,400        |
| 1991                                      | 1,927                              | 200,393,500          | --                                 | --                   | 359                                | 29,189,600           | 2,286                              | 229,583,100          |
| 1992                                      | 1,086                              | 111,600,500          | --                                 | --                   | 388                                | 34,671,600           | 1,474                              | 146,272,100          |
| 1993                                      | 740                                | 94,417,100           | --                                 | --                   | 286                                | 27,443,800           | 1,026                              | 121,860,900          |
| 1994                                      | 843                                | 117,213,779          | --                                 | --                   | 337                                | 34,740,536           | 1,180                              | 151,954,315          |
| 1995                                      | 2,109                              | 286,178,376          | --                                 | --                   | 822                                | 84,860,894           | 2,931                              | 371,039,270          |
| 1996                                      | 762                                | 107,751,444          | --                                 | --                   | 222                                | 22,723,617           | 984                                | 130,475,061          |
| 1997                                      | 766                                | 118,344,636          | --                                 | --                   | 201                                | 21,853,933           | 967                                | 140,198,569          |
| 1998                                      | 615                                | 99,224,002           | 188                                | \$17,716,376         | 164                                | 18,871,066           | 967                                | 135,811,444          |
| 1999                                      | 758                                | 129,521,359          | 575                                | 92,728,280           | 274                                | 33,284,343           | 1,607                              | 255,533,982          |
| 2000                                      | 1,045                              | 185,180,534          | 1,725                              | 333,328,690          | 708                                | 92,214,409           | 3,478                              | 610,723,633          |
| 2001                                      | 844                                | 135,498,480          | 1,211                              | 232,445,146          | 697                                | 101,175,512          | 2,752                              | 469,119,138          |
| 2002                                      | 334                                | 56,887,867           | 416                                | 74,915,487           | 204                                | 27,178,525           | 954                                | 158,981,879          |
| 2003                                      | 357                                | 68,105,508           | 508                                | 99,105,265           | 123                                | 16,285,625           | 988                                | 183,496,398          |
| 2004                                      | 444                                | 97,223,818           | 1,173                              | 274,187,085          | 165                                | 26,109,792           | 1,782                              | 397,520,696          |
| 2005                                      | 285                                | 72,958,181           | 702                                | 181,075,275          | 178                                | 37,152,048           | 1,165                              | 291,185,504          |
| 2006                                      | 198                                | 48,999,641           | 898                                | 230,993,270          | 5                                  | 831,638              | 1,101                              | 280,824,549          |
| 2007                                      | 74                                 | 19,751,777           | 764                                | 173,744,639          | 68                                 | 11,349,372           | 906                                | 204,845,788          |
| 2008                                      | 214                                | 38,721,589           | 428                                | 139,470,089          | 417                                | 111,589,399          | 1,059                              | 289,781,076          |
| 2009                                      | 255                                | 83,697,271           | 161                                | 42,079,390           | 263                                | 66,032,084           | 679                                | 191,808,746          |
| 2010                                      | 34                                 | 10,805,881           | 31                                 | 8,170,125            | 74                                 | 13,122,489           | 139                                | 32,098,495           |
| 2011 <sup>(2)</sup>                       | 11                                 | 3,675,163            | 18                                 | 5,526,830            | 24                                 | 3,998,242            | 53                                 | 13,200,235           |

<sup>(1)</sup> Number of new Contracts of Purchase does not include home improvement loans.

<sup>(2)</sup> As of December 31, 2010.

### **Primary Mortgage Insurance Coverage**

The Radian-insured Contracts of Purchase are divided into four sub-groups. The following table describes the sub-groups and Contracts of Purchase outstanding, placed with Radian, as of December 31, 2010.

| <b>Group</b> | <b>Approximate<br/>Contracts of<br/>Purchase<br/>Origination<br/>Dates</b> | <b>Total<br/>Contracts<br/>of<br/>Purchase</b> | <b>Percentage of<br/>Radian<br/>Insured<br/>Portfolio<sup>(1)</sup></b> | <b>Percentage<br/>of Total<br/>Portfolio<sup>(1)</sup></b> | <b>Loan-to-<br/>Value<br/>Ratio<sup>(2)</sup></b> | <b>Original<br/>Aggregate Sub-<br/>group Deductible</b> | <b>Remaining<br/>Aggregate Sub-<br/>group<br/>Deductible</b> |
|--------------|--|--|---|--|---|---|--|
| 1            | Prior to<br>2/2/1998   | 801  | 12.59%  | 4.06%  | 58.43%  | \$ 14,024,311.86  | \$12,468,816.86  |
| 2            | 2/3/1998 –<br>10/30/1998   | 47   | 0.95%   | 0.31%  | 65.26%  | \$ 2,101,256.74   | \$ 2,050,970.74  |
| 3            | 11/1/1998 –<br>9/30/2000   | 264  | 6.89%   | 2.22%  | 74.64%  | \$ 568,391.34   | \$ 541,855.34  |
| 4            | 10/1/2000 –<br>present   | 1,924  | 79.57%  | 25.65%   | 80.92%  | \$ 24,464,544.53  | \$ (211,749.47)  |
|              | <b>Total</b>   | <b>3,036</b>                                   | <b>100.00%</b>  | <b>32.23%</b>  | <b>76.59%</b>                                     | <b>\$ 41,158,504.47</b>                                 |  |

Source: Department of Veterans Affairs.

<sup>1</sup> Percentage based on outstanding Contract of Purchase principal amounts.

<sup>2</sup> Calculated as the ratio of the outstanding principal amount of the aggregate Contracts of Purchase during the applicable period as compared to the aggregate appraised value of the properties subject to such Contracts of Purchase at origination.

**Selected Principal Flows with respect to Contracts of Purchase Funded by both Veterans G.O. Bonds and Revenue Bonds (Dollar Amounts in Thousands)**

| <b>Fiscal Year<br/>Ending<br/>June 30</b> | <b>Contracts<br/>Funded<br/>During Year</b> | <b>Contract<br/>Prepayments<br/>During Year</b> | <b>Other Principal<br/>Receipts-Losses<br/>During Year</b> | <b>Contract Balance<br/>at End of Year</b> | <b>Average Rate<br/>on all<br/>Outstanding<br/>Contracts</b> | <b>Average of<br/>Monthly FHLMC 30-year<br/>Conventional Loan Rate</b> | <b>Annual<br/>Average<br/>Prepayment<br/>Rate</b> | <b>Annual<br/>Average<br/>Origination<br/>Rate</b> |
|---|---|---|--|--|--|--|---|--|
| <b>Principal Flows</b>                    |   |   |  |  | <b>Rates</b>   |  |   |  |
| 1993.....                                 | 121,861                                     | 273,817   | 105,629  | 2,532,294                                  | 8.0  | 8.0  | 10.3  | 4.6  |
| 1994.....                                 | 151,954                                     | 359,749   | 98,773   | 2,225,726                                  | 8.0  | 7.3  | 15.1  | 6.4  |
| 1995.....                                 | 371,039                                     | 111,984   | 74,706   | 2,410,075                                  | 7.8  | 8.7  | 4.8   | 16.0   |
| 1996.....                                 | 130,475                                     | 141,767   | 92,521   | 2,306,262                                  | 8.0  | 7.5  | 6.0   | 5.5  |
| 1997.....                                 | 140,199                                     | 111,254   | 106,027  | 2,229,180                                  | 8.0  | 7.9  | 4.9   | 6.2  |
| 1998.....                                 | 135,812                                     | 172,134   | 94,106   | 2,098,752                                  | 7.7  | 7.2  | 8.0   | 6.3  |
| 1999.....                                 | 255,534                                     | 183,776   | 101,254  | 2,069,256                                  | 6.9  | 6.9  | 8.8   | 12.3   |
| 2000.....                                 | 610,724                                     | 138,401   | 106,522  | 2,435,056                                  | 6.8  | 8.1  | 6.1   | 27.1   |
| 2001.....                                 | 469,119                                     | 189,902   | 91,033   | 2,623,241                                  | 6.8  | 7.5  | 7.5   | 18.5   |
| 2002.....                                 | 158,982                                     | 330,068   | 86,556   | 2,365,599                                  | 6.8  | 6.9  | 13.2  | 6.4  |
| 2003.....                                 | 183,496                                     | 701,785   | 74,643   | 1,772,667                                  | 6.7  | 5.9  | 33.9  | 8.9  |
| 2004.....                                 | 397,521                                     | 576,907   | 53,833   | 1,539,448                                  | 6.3  | 5.9  | 34.8  | 24.0   |
| 2005.....                                 | 291,186                                     | 272,044   | 70,564   | 1,488,026                                  | 5.9  | 5.8  | 18.0  | 19.2   |
| 2006.....                                 | 280,825                                     | 204,037   | 51,481   | 1,513,333                                  | 5.8  | 6.2  | 13.6  | 18.7   |
| 2007.....                                 | 204,846                                     | 132,207   | 50,403   | 1,535,569                                  | 5.8  | 6.4  | 8.7   | 13.4   |
| 2008.....                                 | 289,781                                     | 82,575  | 53,915   | 1,688,860                                  | 5.8  | 6.2  | 5.1   | 18.0   |
| 2009.....                                 | 191,809                                     | 84,010  | 56,756   | 1,739,903                                  | 5.9  | 5.6  | 4.9   | 11.2   |
| 2010.....                                 | 32,098                                      | 139,533   | 77,901   | 1,554,567                                  | 5.7  | 5.0  | 8.5   | 1.9  |
| 2011 <sup>(2)</sup> .....                 | 13,200                                      | 66,368  | 36,219   | 1,465,180                                  | 5.7  | 4.4  | 8.8   | 1.6  |
|   | \$ 4,430,461                                | \$ 4,272,318                                    | \$ 1,482,842   |  |  |  |   |  |

**Reservation rates on new Contracts of Purchase for period:**

| <b>Period</b>  | <b>Veterans G.O. Bonds<sup>(1)</sup></b> | <b>Pre-Ullman Funds</b> | <b>Revenue Bonds</b> |
|--|--|-------------------------|----------------------|
| Prior to January 1, 1999, substantially all newly originated Contracts have the same rate as the then outstanding Contracts. |  |                         |                      |
| January 1, 1999 thru June 30, 2000   | 6.65%                                    | 6.65%                   | 5.95%                |
| July 1, 2000 thru February 28, 2001  | 7.50%                                    | 7.95%                   | 6.95%                |
| March 1, 2001 thru May 31, 2001  | 6.50%                                    | 7.95%                   | 6.40%                |
| June 1, 2001 thru August 31, 2001  | 6.50%                                    | 7.10%                   | 6.40%                |
| September 1, 2001 thru April 1, 2002   | 6.25%                                    | 6.50%                   | 6.00%                |
| April 2, 2002 thru July 31, 2002   | 5.90%                                    | 5.50%                   | 5.80%                |
| August 1, 2002 thru December 1, 2002   | 5.50%                                    | 6.00%                   | 5.80%                |
| December 2, 2002 thru June 15, 2003  | 4.99%                                    | 5.40%                   | 5.25%                |
| June 16, 2003 thru September 1, 2003   | 4.25%                                    | 4.50%                   | 4.50%                |
| September 1, 2003 thru September 15, 2003  | 4.25%                                    | 4.99%                   | 4.50%                |
| September 16, 2003 thru May 5, 2004  | 4.50%                                    | 4.99%                   | 4.50%                |
| May 6, 2004 thru June 1, 2004  | 4.75%                                    | 5.25%                   | 4.75%                |
| June 2, 2004 thru December 13, 2004  | 4.95%                                    | 5.50%                   | 5.10%                |
| December 14, 2004 thru April 3, 2005   | 4.95%                                    | 5.50%                   | 5.50%                |
| April 4, 2005 through December 9, 2005   | 5.15%                                    | 5.50%                   | 5.50%                |
| December 10, 2005 through February 5, 2006   | 5.50%                                    | 5.50%                   | 5.50%                |
| February 6, 2006 through March 14, 2006  | 5.70%                                    | 5.70%                   | 5.70%                |
| March 15, 2006 through April 25, 2006  | 6.00%                                    | 6.00%                   | 6.00%                |
| April 26, 2006 through July 5, 2006  | 6.25%                                    | 6.25%                   | 6.25%                |
| July 6, 2006 through December 19, 2006   | 6.50%                                    | 6.50%                   | 6.50%                |
| December 20, 2006 through March 15, 2007   | 5.50%                                    | 6.10%                   | 5.75%                |
| March 16, 2007 through July 9, 2007  | 5.50%                                    | 6.10%                   | 5.25%                |
| July 10, 2007 through August 12, 2007  | 5.50%                                    | 6.45%                   | 5.25%                |
| August 13, 2007 through October 14, 2007   | 5.50%                                    | 6.55%                   | 5.25%                |
| October 15, 2007 through February 6, 2008  | 5.50%                                    | 6.55%                   | 5.45%                |
| February 7, 2008 thru June 25, 2008  | 5.50%                                    | 6.10%                   | 5.45%                |
| June 26, 2008 thru January 28, 2009  | 5.95%                                    | 6.20%                   | 5.50%                |
| January 29, 2009 thru December 31, 2010  | 5.95%                                    | 6.20%                   | 5.75%                |

<sup>(1)</sup> Rates for contracts of purchase for mobile home in parks are 1% higher than the applicable established rates.

<sup>(2)</sup> As of December 31, 2010

### Amounts Expected to be Available to Fund Contracts of Purchase and Related Investments

The following table shows amounts expected to be available to fund Contracts of Purchase from Veterans G.O. Bonds and Revenue Bonds. Additional monies may become available to finance Contracts of Purchase through the future issuances of Veterans G.O. Bonds and Revenue Bonds. The Department has full discretion to use moneys available from prior, current or future bond issues in any order of priority it chooses. As of December 31, 2010, the Department had 30 pending applications for Contracts of Purchase in the aggregate amount of approximately \$1,994,023.

#### Amounts Expected to be Available to Fund Contracts of Purchase <sup>(1)</sup>

| Veterans G.O. Bond<br>Proceeds and Recycling<br>Subaccounts | Pre-Ullman Moneys                        |  |  | QVMB Proceeds                               |   |  | QMB Proceeds                             |  |   | Current or<br>Expected<br>Investment | Contracted<br>Investment<br>Rate (%) |
|---|--|--|--|---|---|--|--|--|---|--------------------------------------|--------------------------------------|
|   | Amount On<br>Deposit on<br>Dec. 31, 2010 | Amounts<br>Expected to<br>be Deposited<br>or Applied to<br>Contracts<br>through<br>Feb. 28, 2011 | Amount<br>Expected to<br>be Available<br>on<br>Feb. 28, 2011 | Amount On<br>Deposit on<br>Dec. 31,<br>2010 | Amounts<br>Expected to<br>be Deposited<br>or Applied<br>to Contracts<br>through<br>Feb. 28,<br>2011 | Amount<br>Expected<br>to be<br>Available<br>on<br>Feb. 28,<br>2011 | Amount On<br>Deposit on<br>Dec. 31, 2010 | Amounts<br>Expected to<br>be Deposited<br>or Applied to<br>Contracts<br>through<br>Feb. 28, 2011 | Amount<br>Expected to be<br>Available on<br>Feb. 28, 2011 |                                      |                                      |
| Pre-Ullman Moneys .....                                     | \$ 16,984                                | \$ (10,000)  | \$ 6,984   | \$ 0  | \$ 0  | \$ 0   |  |  |   | SMIF <sup>(2)</sup>                  | Variable                             |
| QVMB Reimbursement .....                                    | 14,939                                   | (10,000)   | 4,939  | 0   | 0   | 0  |  |  |   | SMIF <sup>(2)</sup>                  | Variable                             |
| Series CC/CD .....  | 0  | 0  | 0  | 7   | (7)   | 0  |  |  |   | SMIF <sup>(2)</sup>                  | Variable                             |
| Series CE .....   | 0  | 0  | 0  | 104   | (104)   | 0  |  |  |   | SMIF <sup>(2)</sup>                  | Variable                             |
| Series CG .....   | 0  | 0  | 0  | 0   | 0   | 0  |  |  |   | N.A.                                 | N.A.                                 |
| Other G.O. Bond Series .....                                | 0  | 0  | 0  | 0   | 0   | 0  |  |  |   | N.A.                                 | N.A.                                 |
| <b>Total .....</b>  | <b>\$ 31,923</b>                         | <b>\$ (20,000)</b>   | <b>\$ 11,923</b>   | <b>111</b>                                  | <b>(111)</b>  | <b>0</b>   |  |  |   |                                      |                                      |
| <b>Revenue Bond Proceeds<br/>and Recycling Subaccounts</b>  |  |  |  |   |   |  |  |  |   |                                      |                                      |
| 2007 Series A .....   |  |  |  |   |   |  | \$ 0                                     | \$ 0   | \$ 0  | N.A.                                 | N.A.                                 |
| 2007 Series B .....   |  |  |  |   |   |  | 0  | 0  | 0   | N.A.                                 | N.A.                                 |
| QMB Reimbursement .....                                     | \$ 14,508                                | \$ (10,000)  | \$ 4,508   |   |   |  | 0  | 0  | 0   | SMIF <sup>(2)</sup>                  | Variable                             |
| Other Revenue Bond Series .....                             | 0  | 0  | 0  |   |   |  | 0  | 0  | 0   | N.A.                                 | N.A.                                 |
| <b>Total .....</b>  | <b>\$ 14,508</b>                         | <b>\$ (10,000)</b>   | <b>\$ 4,508</b>  |   |   |  | <b>\$ 0</b>                              | <b>\$ 0</b>  | <b>\$ 0</b>   |                                      |                                      |
| <b>Grand Total</b>  | <b>\$ 46,431</b>                         | <b>\$ 30,000</b>   | <b>\$ 16,431</b>   | <b>\$ 111</b>                               | <b>\$ (111)</b>   | <b>\$ 0</b>  | <b>\$ 0</b>                              | <b>\$ 0</b>  | <b>\$ 0</b>   |                                      |                                      |

<sup>(1)</sup> 000's omitted.

<sup>(2)</sup> Surplus Money Investment Fund ("SMIF"). Amounts invested in SMIF may be withdrawn and reinvested at any time.

## Cancellations and Delinquencies

Set forth in the tables below are (i) a comparative chart of delinquent, cancelled and repossessed Contracts of Purchase and certain comparative information regarding USDVA guaranteed loans during the same period, and a break down of delinquencies by county and origination date, (ii) distribution of delinquencies with respect to Contracts of Purchase by County and (iii) delinquencies with respect to Contracts of Purchase by origination date.

|   | <u>2000<sup>(1)</sup></u> | <u>2001<sup>(1)</sup></u> | <u>2002<sup>(1)</sup></u> | <u>2003<sup>(1)</sup></u> | <u>2004<sup>(1)</sup></u> | <u>2005<sup>(1)</sup></u> | <u>2006<sup>(1)</sup></u> | <u>2007<sup>(1)</sup></u> | <u>2008<sup>(1)</sup></u> | <u>2009<sup>(1)</sup></u> | <u>2010<sup>(1)</sup></u> | <u>2011<sup>(2)</sup></u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Percentage of Number of Contracts of Purchase in the Department's Portfolio which are Delinquent</b> |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| 30-60 days <sup>(3)</sup>   | 3 91%                     | 4 24%                     | 3 52%                     | 3 13%                     | 2 97%                     | 3 18%                     | 2 93%                     | 2 68%                     | 2 75%                     | 3 30%                     | 3 61%                     | 3 49%                     |
| 60+ days <sup>(3)</sup>   | 2 88%                     | 3 16%                     | 2 43%                     | 2 03%                     | 1 43%                     | 1 48%                     | 0 85%                     | 1 13%                     | 1 64%                     | 3 30%                     | 3 68%                     | 3 97%                     |
| Cancelled Contracts and Real Estate in inventory <sup>(3)(4)</sup>                                      | 0 72%                     | 0 69%                     | 0 41%                     | 0 32%                     | 0 22%                     | 0 12%                     | 0 10%                     | 0 21%                     | 0 50%                     | 1 13%                     | 1 47%                     | 1 61%                     |
| <b>Percentage of Number of USDVA Guaranteed Loans in the U.S. which are Delinquent<sup>(4)</sup></b>    |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| 30-60 days  | 4 19%                     | 4 71%                     | 4 87%                     | 4 83%                     | 4 53%                     | 4 49%                     | 3 81%                     | 3 66%                     | 3 76%                     | 3 76%                     | 3 65%                     | 3 51%                     |
| 60+ days  | 2 25%                     | 2 65%                     | 2 85%                     | 3 15%                     | 2 90%                     | 3 10%                     | 2 53%                     | 2 44%                     | 2 90%                     | 4 01%                     | 3 83%                     | 3 82%                     |
| Foreclosures in inventory   | 1 44%                     | 1 20%                     | 1 72%                     | 1 49%                     | 1 45%                     | 1 50%                     | 1 10%                     | 1 02%                     | 1 33%                     | 2 07%                     | 2 50%                     | 2 35%                     |
| <b>Percentage of Number of USDVA Guaranteed Loans in California which are Delinquent<sup>(4)</sup></b>  |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| 30-60 days  | 4 05%                     | 4 57%                     | 4 57%                     | 4 67%                     | 4 09%                     | 3 52%                     | 2 92%                     | 2 56%                     | 2 64%                     | 2 57%                     | 2 55%                     | 2 39%                     |
| 60+ days  | 2 27%                     | 2 49%                     | 2 57%                     | 2 79%                     | 2 34%                     | 2 11%                     | 1 30%                     | 1 33%                     | 1 82%                     | 2 78%                     | 3 09%                     | 2 72%                     |
| Foreclosures in inventory   | 1 39%                     | 0 93%                     | 1 12%                     | 0 93%                     | 0 69%                     | 0 60%                     | 0 36%                     | 0 44%                     | 0 82%                     | 1 50%                     | 1 90%                     | 1 71%                     |
| <b>Percentage of Number of Prime Loans in the U.S. which are Delinquent<sup>(4)</sup></b>               |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| 30-60 days.....   | 1 78%                     | 2 13%                     | 2 17%                     | 1 84%                     | 1 69%                     | 1 55%                     | 1 54%                     | 1 78%                     | 2 08%                     | 2 49%                     | 2 39%                     | 2 44%                     |
| 60+ days.....   | 0 55%                     | 0 70%                     | 0 83%                     | 0 67%                     | 0 63%                     | 0 60%                     | 0 70%                     | 0 85%                     | 1 65%                     | 3 52%                     | 4 27%                     | 3 55%                     |
| Foreclosures in inventory .....   | 0 57%                     | 0 68%                     | 0 87%                     | 0 53%                     | 0 49%                     | 0 42%                     | 0 41%                     | 0 59%                     | 1 42%                     | 3 00%                     | 3 49%                     | 3 67%                     |
| <b>Percentage of Number of Prime Loans in California which are Delinquent<sup>(4)</sup></b>             |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| 30-60 days  | 1 41%                     | 1 63%                     | 1 48%                     | 1 25%                     | 0 95%                     | 0 82%                     | 0 89%                     | 1 28%                     | 1 83%                     | 2 34%                     | 2 15%                     | 2 15%                     |
| 60+ days  | 0 41%                     | 0 47%                     | 0 45%                     | 0 39%                     | 0 26%                     | 0 20%                     | 0 27%                     | 0 62%                     | 2 19%                     | 5 39%                     | 6 80%                     | 5 53%                     |
| Foreclosures in inventory   | 0 42%                     | 0 36%                     | 0 34%                     | 0 18%                     | 0 10%                     | 0 07%                     | 0 10%                     | 0 41%                     | 1 96%                     | 4 25%                     | 3 91%                     | 3 84%                     |

|  | <u>2002<sup>(1)</sup></u> | <u>2003<sup>(1)</sup></u> | <u>2004<sup>(1)</sup></u> | <u>2005<sup>(1)</sup></u> | <u>2006<sup>(1)</sup></u> | <u>2007<sup>(1)</sup></u> | <u>2008<sup>(1)</sup></u> | <u>2009<sup>(1)</sup></u> | <u>2010<sup>(1)</sup></u> | <u>2011<sup>(2)</sup></u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Percentage of Number of Contracts of Purchase in the Department's Portfolio which are Delinquent, Subject to Repayment/Forbearance Agreements or Cancelled Contracts and Real Estate in inventory</b> |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| 30-60 days (Delinquent)  | 2 95%                     | 2 77%                     | 2 72%                     | 2 96%                     | 2 84%                     | 2 56%                     | 2 58%                     | 2 86%                     | 3 18%                     | 3 23%                     |
| 30-60 days (Repayment/Forbearance Agreement)   | 0 57%                     | 0 36%                     | 0 25%                     | 0 22%                     | 0 09%                     | 0 12%                     | 0 17%                     | 0 44%                     | 0 43%                     | 0 26%                     |
| <b>Total</b>   | 3 52%                     | 3 13%                     | 2 97%                     | 3 18%                     | 2 93%                     | 2 68%                     | 2 75%                     | 3 30%                     | 3 61%                     | 3 23%                     |
| 60+ days (Delinquent)  | 1 38%                     | 1 32%                     | 1 08%                     | 1 17%                     | 0 75%                     | 1 03%                     | 1 29%                     | 2 25%                     | 2 19%                     | 2 63%                     |
| 60+ days (Repayment/Forbearance Agreement)   | 1 05%                     | 0 71%                     | 0 35%                     | 0 31%                     | 0 10%                     | 0 10%                     | 0 35%                     | 1 05%                     | 1 49%                     | 1 34%                     |
| <b>Total</b>   | 2 43%                     | 2 03%                     | 1 43%                     | 1 48%                     | 0 85%                     | 1 13%                     | 1 64%                     | 3 30%                     | 3 68%                     | 3 97%                     |
| Cancelled Contracts and Real Estate in inventory   | 0 39%                     | 0 31%                     | 0 19%                     | 0 12%                     | 0 10%                     | 0 21%                     | 0 47%                     | 1 11%                     | 1 42%                     | 1 52%                     |
| "Repayment/Forbearance Agreement"  | 0 02%                     | 0 01%                     | 0 03%                     | 0 00%                     | 0 00%                     | 0 00%                     | 0 03%                     | 0 02%                     | 0 05%                     | 0 09%                     |
| <b>Total</b>   | 0 41%                     | 0 32%                     | 0 22%                     | 0 12%                     | 0 10%                     | 0 21%                     | 0 50%                     | 1 13%                     | 1 47%                     | 1 61%                     |

(1) As of June 30

(2) As of December 31, 2010

(3) The Department has adjusted the criteria used to identify delinquent contracts from \$25 or more delinquent to over \$3 delinquent. The data below represents the breakout of delinquent, repayment/forbearance agreements and cancelled contracts and real estate in inventory. These figures include contracts that were the subject of forbearance or repayment agreements between the Department and the contract holder.

(4) Bankruptcies are included in cancelled Contracts statistics and do not exceed in any period more than 10% of total cancellations and bankruptcy category. Federal bankruptcy law precludes repossession action of Contracts of Purchase when veteran is in bankruptcy proceedings until the automatic stay is lifted.

(5) Source: National Delinquency Survey published by the Mortgage Bankers Association of America (the "Survey"). For 2000, 2001 and 2002 data reported is for "Conventional Loans." In the Survey loans are categorized as prime loans or otherwise based upon the Survey respondents' internal classifications.

### Distribution of Delinquencies by County<sup>(1)</sup>

| County                   | Total<br>Delinquent<br>Accounts | 30 days    | 60 days    | 90+<br>days <sup>(2)</sup> | Total<br>Delinquent<br>Account<br>Balance <sup>(3)</sup> |
|--------------------------|---------------------------------|------------|------------|----------------------------|--|
| Riverside                | 93                              | 26         | 17         | 50                         | \$ 22,561  |
| Fresno                   | 77                              | 31         | 10         | 36                         | 12,988   |
| San Diego                | 76                              | 35         | 7          | 34                         | 17,105   |
| Kern                     | 72                              | 31         | 9          | 32                         | 10,677   |
| Sacramento               | 72                              | 35         | 9          | 28                         | 13,409   |
| San Bernardino           | 72                              | 43         | 9          | 20                         | 11,316   |
| Los Angeles              | 47                              | 23         | 12         | 12                         | 7,961  |
| Shasta                   | 37                              | 22         | 3          | 12                         | 5,452  |
| Placer                   | 28                              | 13         | 7          | 8                          | 6,612  |
| Butte                    | 23                              | 10         | 4          | 9                          | 3,941  |
| Tulare                   | 23                              | 13         | 3          | 7                          | 4,441  |
| San Joaquin              | 22                              | 10         | 4          | 8                          | 4,863  |
| Solano                   | 19                              | 7          | 5          | 7                          | 4,950  |
| Lassen                   | 17                              | 9          | 0          | 8                          | 2,948  |
| All Other <sup>(4)</sup> | 246                             | 111        | 40         | 95                         | 46,521   |
| <b>Total</b>             | <b>924</b>                      | <b>419</b> | <b>139</b> | <b>366</b>                 | <b>\$ 175,745</b>  |

<sup>(1)</sup> As of December 31, 2010.

<sup>(2)</sup> Includes REO and canceled contracts

<sup>(3)</sup> Amounts in thousands.

<sup>(4)</sup> "All Other" counties had less than 17 delinquent contracts outstanding.

### Delinquencies by Contract Origination Date as of December 31, 2010.

| Origination<br>Year | 30-60<br>days | 30-60<br>days<br>Contract<br>Balance <sup>(1)</sup> | 60-90<br>days | 60-90<br>days<br>Contract<br>Balance <sup>(1)</sup> | 90+<br>days <sup>(2)</sup> | 90+ days<br>Contract<br>Balance <sup>(1)(2)</sup> | Total<br>Delinquent<br>Contracts | Total<br>Contract<br>Balance <sup>(1)</sup> |
|---------------------|---------------|---|---------------|---|----------------------------|---|----------------------------------|---|
| Pre-2004            | 201           | \$15,408  | 56            | \$5,264   | 107                        | \$11,962  | 364                              | \$32,634                                    |
| 2004                | 32            | 6,288   | 10            | 1,886   | 47                         | 10,229  | 89                               | 18,403                                      |
| 2005                | 35            | 7,042   | 17            | 3,382   | 40                         | 8,863   | 92                               | 19,287                                      |
| 2006                | 47            | 12,391  | 20            | 5,576   | 65                         | 19,883  | 132                              | 37,850                                      |
| 2007                | 40            | 10,802  | 15            | 4,885   | 69                         | 19,395  | 124                              | 35,082                                      |
| 2008                | 45            | 11,737  | 18            | 5,924   | 35                         | 10,475  | 98                               | 28,136                                      |
| 2009                | 13            | 2,160   | 3             | 734   | 2                          | 562   | 18                               | 3,456                                       |
| 2010                | 7             | 897   | 0             | 0   | 1                          | 3   | 8                                | 900   |
| <b>Total</b>        | <b>420</b>    | <b>\$66,725</b>                                     | <b>139</b>    | <b>\$27,651</b>                                     | <b>366</b>                 | <b>\$81,372</b>                                   | <b>925</b>                       | <b>\$175,748</b>                            |

<sup>(1)</sup> Amounts in thousands.

<sup>(2)</sup> Includes REO and canceled contracts.



### Veterans G.O. Bonds and Revenue Bonds

The chart below sets forth certain information regarding Veterans G.O. Bonds and Revenue Bonds.

#### Selected Information with Respect to Veterans G.O. Bonds and Revenue Bonds

| Series                       | Bonds<br>Outstanding as<br>of<br>December 31,<br>2010 | Expected Bonds<br>Outstanding as<br>of February 28,<br>2011 | Final Maturity<br>Date of Series as<br>of February 28,<br>2011 | Next Optional Call<br>as of<br>February 28, 2011 | Call<br>Price<br>on Such<br>Date | Maximum<br>Coupon subject<br>to Optional Call | Bonds Subject to Special<br>Redemption <sup>(1)</sup> |
|------------------------------|---|---|--|--|----------------------------------|---|---|
| BJ9 .....                    | 860,000   | 860,000   | December 1, 2011   | Anytime  | 101%                             | 5.200%  | Excess Revenues                                       |
| BQ/BR .....                  | 37,920,000  | 37,920,000  | December 1, 2029   | Anytime  | 100%                             | 5.300%  | Excess Revenues                                       |
| BJ11/12 .....                | 8,355,000   | 8,355,000   | December 1, 2013   | -- <sup>(2)</sup>                                | -- <sup>(2)</sup>                | 5.050%  | Excess Revenues                                       |
| BT/BU .....                  | 12,765,000  | 12,765,000  | December 1, 2011   | Anytime  | 100%                             | 4.900%  | Excess Revenues                                       |
| BV/BW .....                  | 2,155,000   | 2,155,000   | December 1, 2011   | Anytime  | 100%                             | 4.950%  | Excess Revenues                                       |
| BX .....                     | 1,050,000   | 1,050,000   | December 1, 2011   | Anytime  | 100%                             | 4.550%  | Excess Revenues                                       |
| BY/BZ .....                  | 12,105,000  | 12,105,000  | December 1, 2021   | Anytime  | 100%                             | 5.350%  | Excess Revenues                                       |
| CA/CB .....                  | 209,775,000   | 209,775,000   | December 1, 2036   | June 1, 2015                                     | 100%                             | 5.050%  | Excess Revenues                                       |
| CC/CD .....                  | 359,160,000   | 359,160,000   | December 1, 2040   | December 1, 2015                                 | 100%                             | 4.600%  | Excess Revenues                                       |
| CE .....                     | 91,200,000  | 91,200,000  | December 1, 2042   | December 1, 2015                                 | 100%                             | 5.100%  | Excess Revenues                                       |
| CF .....                     | 82,725,000  | 82,725,000  | December 1, 2017   | N.A.   | N.A.                             | N.A.  | Excess Revenues                                       |
| CG .....                     | 25,000,000  | 25,000,000  | December 1, 2018   | N.A.   | N.A.                             | N.A.  | Excess Revenues                                       |
| CH .....                     | 10,985,000  | 10,985,000  | December 1, 2015   | N.A.   | N.A.                             | N.A.  | Excess Revenues                                       |
| Sub-total                    | \$ 854,055,000  | \$ 854,055,000  |  |  |                                  |   |   |
| Commercial Paper             | \$ 0  | \$ 0  | N.A.   | N.A.   | N.A.                             | Variable                                      | N.A.  |
| Total Veterans G.O.<br>Bonds | \$ 854,055,000  | \$ 854,055,000  |  |  |                                  |   |   |

### Veterans Revenue Bonds

| Series  | Bonds Outstanding<br>as of<br>December 31, 2010 | Expected Bonds<br>Outstanding as of<br>February 28, 2011 | Final Maturity Date<br>of Series as of<br>February 28, 2011 | Next Optional Call<br>as of<br>February 28, 2011 | Call Price<br>on Such<br>Date | Maximum Coupon<br>subject to Optional<br>Call | Bonds Subject to Special<br>Redemption <sup>(1)</sup> |
|---|---|--|---|--|-------------------------------|---|---|
| <b>Revenue Bonds Issued as Qualified Mortgage Bonds under the 1986 Code</b>                       |   |  |   |  |                               |   |   |
| 1997 C .....  | 11,435,000                                      | 11,435,000   | December 1, 2013  | Anytime  | 101%                          | 5.050%  | Excess Revenues                                       |
| 1998 A .....  | 1,970,000                                       | 1,970,000  | December 1, 2019  | Anytime  | 100%                          | 5.450%  | Excess Revenues                                       |
| 2007 A .....  | 87,895,000                                      | 87,895,000   | December 1, 2042  | December 1, 2016                                 | 100%                          | 5.000%  | Excess Revenues/Unexpended                            |
| 2007 B .....  | 100,000,000                                     | 100,000,000  | December 1, 2037  | December 1, 2016                                 | 100%                          | 5.250%  | Excess Revenues/Unexpended                            |
| Sub-total   | \$ 201,300,000                                  | \$ 201,300,000   |   |  |                               |   |   |
| <b>Revenue Bonds Issued to Refund Bonds Issued Prior to Mortgage Subsidy Bond Tax Act of 1980</b> |   |  |   |  |                               |   |   |
| 1999 A .....  | \$ 25,160,000                                   | \$ 25,160,000  | December 1, 2027  | Anytime  | 100%                          | 5.200%  | Excess Revenues                                       |
| 1999 B .....  | 43,210,000                                      | 43,210,000   | December 1, 2028  | Anytime  | 100%                          | 5.200%  | Excess Revenues                                       |
| 2002 A .....  | 117,200,000                                     | 117,200,000  | December 1, 2027  | June 1, 2012                                     | 101%                          | 5.350%  | Excess Revenues                                       |
| 2003 A .....  | 92,000,000                                      | 92,000,000   | December 1, 2028  | November 30, 2011                                | 101%                          | 4.600%  | Excess Revenues                                       |
| 2005 A .....  | 42,600,000                                      | 42,600,000   | December 1, 2027  | June 1, 2015                                     | 100%                          | 4.800%  | Excess Revenues                                       |
| 2006 A .....  | 144,360,000                                     | 144,360,000  | December 1, 2028  | November 30, 2011                                | 101%                          | 4.600%  | Excess Revenues                                       |
| Sub-total   | \$ 464,530,000                                  | \$ 464,530,000   |   |  |                               |   |   |
| <b>Total Revenue Bonds</b>  | <b>\$ 665,830,000</b>                           | <b>\$ 665,830,000</b>                                    |   |  |                               |   |   |

<sup>(1)</sup> Excess Revenues includes principal prepayments.

<sup>(2)</sup> The \$18,555,000 BJ-11/12 Serial Bonds maturing on December 1, 2011 through and including December 1, 2016 are subject to optional redemption on December 19, 2010, initially at 101% of the principal amount thereof, declining to par on and after December 19, 2011.

## Additional Investments

(As of December 31, 2010)

In addition to the investments described above under “Contracts of Purchase--Amounts Expected to be Available to Fund Contracts of Purchase and Related Investments,” the following investments have been made or will be made with respect to moneys in the 1943 Fund and in the Bond Reserve Account which secures the Revenue Bonds. Additional moneys in various Funds and Accounts in the 1943 Fund have been invested in SMIF. Amounts invested in SMIF may be withdrawn and reinvested at any time.

| <u>Bond Series</u> | <u>Account Designation</u> <sup>(1)</sup> | <u>Amount (000s)</u>    | <u>Investment Provider</u> <sup>(1),(10)</sup>    | <u>Initial Investment Date</u> | <u>Investment Maturity Date</u> | <u>Interest Rate (%)</u> | <u>Bond Series</u> | <u>Account Designation</u> <sup>(1)</sup> | <u>Amount (000s)</u>    | <u>Investment Provider</u> <sup>(1),(10)</sup> | <u>Initial Investment Date</u> | <u>Investment Maturity Date</u> | <u>Interest Rate (%)</u> |
|--------------------|---|-------------------------|---|--------------------------------|---------------------------------|--------------------------|--------------------|---|-------------------------|--|--------------------------------|---------------------------------|--------------------------|
| 1999 A/B           | Reserve                                   | \$9,817 <sup>(4)</sup>  | Westdeutsche Landesbank Girozentrale              | 3/30/99                        | 12/1/28                         | 5.38                     | BJ 9/10            | Revenue                                   | Variable <sup>(5)</sup> | Westdeutsche Landesbank Girozentrale           | 4/27/00                        | 12/1/32 <sup>(8)</sup>          | 6.46                     |
| 1997 C             | Reserve                                   | \$5,733 <sup>(4)</sup>  | Westdeutsche Landesbank Girozentrale              | 1/9/01                         | 12/1/19                         | 5.625                    | BS                 | Revenue                                   | Variable <sup>(5)</sup> | Westdeutsche Landesbank Girozentrale           | 4/27/00                        | 12/1/32 <sup>(8)</sup>          | 6.46                     |
| 2002 A             | Reserve                                   | \$3,759 <sup>(4)</sup>  | Bayerische <sup>(9)</sup> Landesbank Girozentrale | 3/6/02                         | 12/1/15                         | 5.38                     | BJ 11/12           | Revenue                                   | Variable <sup>(6)</sup> | Westdeutsche Landesbank Girozentrale           | 12/19/00                       | 12/1/32 <sup>(9)</sup>          | 5.50                     |
| BP/BN-1            | Revenue/ Recycling                        | Variable <sup>(2)</sup> | Westdeutsche Landesbank Girozentrale              | 5/5/98                         | 12/1/28                         | 5.38                     | BT/BU              | Revenue                                   | Variable <sup>(7)</sup> | Westdeutsche Landesbank Girozentrale           | 12/19/00                       | 12/1/26 <sup>(10)</sup>         | 5.50                     |
| BQ/BR              | Revenue                                   | Variable <sup>(3)</sup> | Westdeutsche Landesbank Girozentrale              | 4/28/99                        | 12/1/29                         | 5.37                     | 1997 C             | Revenue/ Restricted Recoveries            | Variable <sup>(8)</sup> | Westdeutsche Landesbank Girozentrale           | 1/9/01                         | 12/1/19                         | 5.50                     |

<sup>(1)</sup> Accounts are established in the resolutions authorizing the issuance of Revenue Bonds. All investments are investment agreements unless otherwise noted.

<sup>(2)</sup> Maximum permitted amount on deposit under investment agreement for all (BN-1 and BP) subaccounts is \$150,000,000.

<sup>(3)</sup> Maximum permitted amount on deposit under investment agreement for both subaccounts is \$35,000,000.

<sup>(4)</sup> As of December 31, 2010.

<sup>(5)</sup> Maximum permitted amount on deposit under investment agreement for BJ 9/10, and BS Revenue subaccounts is \$20,000,000.

<sup>(6)</sup> Maximum permitted amount on deposit under investment agreement for both subaccounts is \$25,000,000.

<sup>(7)</sup> Maximum permitted amount on deposit under investment agreement for both subaccounts is \$20,000,000.

<sup>(8)</sup> Maximum permitted amount on deposit under investment agreement for both subaccounts is \$97,130,000.

<sup>(9)</sup> The Department is not currently making deposits into such funds.

<sup>(10)</sup> As of February 22, 2011: (i) Westdeutsche Landesbank Girozentrale was rated “A3” by Moody’s, “BBB+” (outlook negative) by S&P and “A-” (negative outlook) by Fitch; and (ii) Bayerische Landesbank Girozentrale was rated “A1” by Moody’s, is not rated by S&P and “A+” (negative outlook) by Fitch. An explanation of the significance and status of such credit ratings may be obtained from the rating agencies furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any such rating agencies if, in their respective judgments, circumstances so warrant.